

EX PARTE OR LATE FILED

Kathleen B. Levitz
Vice President-Federal Regulatory

January 21, 1999

Suite 900
1133-21st Street, N.W.
Washington, D.C. 20036-3351
202 463-4113
Fax: 202 463-4198
Internet: levitz.kathleen@bsc.bls.com

EX PARTE

Ms. Magalie Roman Salas
Secretary
Federal Communications Commission
The Portals
445 12th S.W., Room TWB-204
Washington, D.C. 20554

RECEIVED

JAN 21 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Re: CC Docket No. 98-147

Dear Ms. Salas:

On January 21, 1999, Robert Blau and I met with Commission Susan Ness, her Legal Advisor, Linda Kinney, and Paul Gallant, Legal Advisor to Commissioner Gloria Tristani. During that meeting we discussed BellSouth's position on the steps the Commission should take to encourage the deployment of advanced telecommunications capability. We emphasized the importance of competitive parity among all providers of advanced services and presented a proposal that BellSouth believes strikes the best balance among conflicting policy goals. The attached document summarizes that proposal.

In compliance with the Commission's rules, I am filing two copies of this notice and ask that you associate this notification with the proceeding identified above.

Sincerely,



Kathleen B. Levitz
Vice President - Federal Regulatory

No. of Copies rec'd 072
List ABCDE

Attachment

cc: Commissioner Susan Ness Linda Kinney Paul Gallant

RECEIVED

JAN 21 1999

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

Compromise Approach Needed to Reduce Regulation of Advanced Services

Existing proposal: Move advanced services equipment and business to separate affiliate; effectively eliminate regulation of advanced services and equipment and facilities.

- **BellSouth proposal: Option to move advanced services business to affiliated CLEC, but leave equipment and facilities in ILEC; effectively eliminate most regulation of advanced services with some continuing regulation of equipment and facilities.**

Proposal for Alternative 706 Affiliate: Affiliated CLEC's Role

- Provide advanced telecommunications services to customers, including end users and ISPs
- Operate as a non-dominant CLEC
 - Purchase advanced service capabilities from affiliated ILEC pursuant to nondiscriminatory contract
 - Resell affiliated ILEC's telecommunications services and purchase UNEs pursuant to nondiscriminatory interconnection agreement
 - Use same OSS interfaces as nonaffiliated CLECs
 - Collocation on same terms and conditions as nonaffiliated CLECs pursuant to nondiscriminatory collocation agreement
- May choose to deploy its own equipment and facilities
- Regulated no different from other CLECs

Proposal for Alternative 706 Affiliate: ILEC's Role

- Deploy advanced service equipment and facilities on a fully integrated basis when desirable
- Transfer existing contracts with customers for advanced services to affiliated CLEC
- Discontinue advanced telecommunications services and withdraw tariffs
- Provide advanced service equipment and facilities only to CLECs under nondiscriminatory contracts
 - Offer non-affiliated CLECs and the affiliated CLEC exactly the same alternatives for access, including physical and virtual collocation and combination services
- No tariffs; no resale discount; no *Computer III* for advanced services
- Market and sell services of affiliated CLEC on exclusive basis

Proposal for Alternative 706 Affiliate: Regulatory Conditions

- No ILEC obligations or restrictions on affiliated CLEC
- Degree of separation like cellular, unless affiliated CLEC also provides interLATA services that invoke Section 272
- Federal jurisdiction: Deregulation or, at least, non-dominant carrier treatment, including no price regulation, no application of *Computer Inquiry III* rules to affiliated CLEC's provision of enhanced services, etc.
- States: Identical treatment as non-affiliated CLECs, including no delays or discriminatory conditions on certification of affiliated CLEC or acceptance of its state tariffs, if any
 - Prompt enforcement of Section 253, if needed (preemption of state barriers to entry)

Proposal for Alternative 706 Affiliate: Regulatory Conditions (cont.)

- Right to designate services as advanced services
- Permission for ILEC to withdraw advanced service tariffs at state and federal levels
- Right for ILEC to procure advanced telecommunications services for ILEC's enhanced services from advanced service affiliated CLEC without nondiscriminatory procurement obligation
- Right for ILEC (and its sales agents) to market and sell the affiliated CLEC's telecommunications and enhanced services without a nondiscrimination obligation
- Transfer of selected assets to affiliated CLEC without successor or assign obligations or restrictions under the 1996 Act, especially existing customer base
- Transition period
- Sunset affiliate requirement at same time as Section 272